

Test Scenario #1

Primary Taxpayer: **Test T. Behavior**
SSN: 400-00-**4207**

Filing Status: 1-Single
Family Size: 1
Refund – Direct Deposit

Test Scenario #1 includes the following forms:

- Form 740
- Schedule M
- Form 8879-K

Supporting forms:

- Form 1040
- Form W-2

Special Instructions:

- Worksheet A - Credit for tax paid to GA
- Eligible for FSTC
- Part of overpayment is applied to all 4 voluntary contributions accounts and the remainder refunded



KENTUCKY
INDIVIDUAL INCOME TAX RETURN
Full-Year Residents Only

Kentucky
UNBRIDLED SPIRIT™
2012

For calendar year or other taxable year beginning _____, 2012, and ending _____, 20____.

| | |
|--|--|
| A. Spouse's Social Security Number <div style="border-bottom: 1px solid black; height: 20px; margin-top: 10px;"></div> | B. Your Social Security Number <div style="border-bottom: 1px solid black; height: 20px; margin-top: 10px;"></div> |
| Name—Last, First, Middle Initial (Joint or combined return, give both names and initials.) <div style="border-bottom: 1px solid black; height: 20px; margin-top: 10px;"></div> | |
| Mailing Address (Number and Street including Apartment Number or P.O. Box) <div style="border-bottom: 1px solid black; height: 20px; margin-top: 10px;"></div> | |
| City, Town or Post Office <div style="border-bottom: 1px solid black; height: 20px; margin-top: 10px;"></div> | <div style="display: flex; justify-content: space-between;"> <div style="width: 45%;"> State <div style="border-bottom: 1px solid black; height: 20px; margin-top: 10px;"></div> </div> <div style="width: 45%;"> ZIP Code <div style="border-bottom: 1px solid black; height: 20px; margin-top: 10px;"></div> </div> </div> |

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FILING STATUS (see instructions)

- 1 ☐ Single
- 2 ☐ *Married*, filing separately on this combined return. **(If both had income.)**
- 3 ☐ *Married*, filing joint return.
- 4 ☐ *Married*, filing separate returns. Enter spouse's Social Security number above
and full name here.

POLITICAL PARTY FUND

Designating \$2 will not change your refund or tax due.

A. Spouse **B. Yourself**

Democratic (1) ☐ (4) ☐
Republican (2) ☐ (5) ☐
No Designation (3) ☐ (6) ☐

INCOME/TAX

| | | | | | | Filing Status 1 | Filing Status 2 is checked..) | (or Joint) | |
|----|--|------|----------------------------|----------------------------|----------------------------|----------------------------|-------------------------------|------------|--|
| 5 | Enter amount from federal Form 1040, line 37; 1040A, line 21 or 1040EZ, line 4. (If total of Columns A and B is \$30,657 or less, you may qualify for the Family Size Tax Credit. See instructions.) | • 5 | | 00 | • 5 | | 00 | | |
| 6 | Additions from Schedule M, line 8..... | • 6 | | 00 | • 6 | | 00 | | |
| 7 | Add lines 5 and 6 | 7 | | 00 | 7 | | 00 | | |
| 8 | Subtractions from Schedule M, line 20..... | • 8 | | 00 | • 8 | | 00 | | |
| 9 | Subtract line 8 from line 7. This is your Kentucky Adjusted Gross Income ... | 9 | | 00 | 9 | | 00 | | |
| 10 | Itemizers: Enter itemized deductions from Kentucky Schedule A. Nonitemizers: Enter \$2,290 in Columns A and/or B | • 10 | | 00 | • 10 | | 00 | | |
| 11 | Subtract line 10 from line 9. This is your Taxable Income | • 11 | | 00 | • 11 | | 00 | | |
| 12 | Enter tax from Tax Table, Computation or Schedule J. Check if from Schedule J <input type="checkbox"/> | 12 | | 00 | 12 | | 00 | | |
| 13 | Enter tax from Form 4972-K <input type="checkbox"/> ; Schedule RC-R <input type="checkbox"/> | • 13 | | 00 | • 13 | | 00 | | |
| 14 | Add lines 12 and 13 and enter total here | 14 | | 00 | 14 | | 00 | | |
| 15 | Enter amounts from page 3, Section A, lines 22A and 22B | 15 | | 00 | 15 | | 00 | | |
| 16 | Subtract line 15 from line 14. If line 15 is larger than line 14, enter zero..... | 16 | | 00 | 16 | | 00 | | |
| 17 | [Enter personal tax credit amounts from page 3, Section B, lines 4A and 4B] • 17 | | | 00 | • 17 | | 00 | | |
| 18 | Subtract line 17 from line 16. If line 17 is larger than line 16, enter zero..... | 18 | | 00 | 18 | | 00 | | |
| 19 | Add tax amount(s) in Columns A and B, line 18 and enter here | 19 | | | 19 | | 00 | | |
| 20 | Check the box that represents your total family size (see instructions before completing lines 20 and 21)..... | • 20 | 1 <input type="checkbox"/> | 2 <input type="checkbox"/> | 3 <input type="checkbox"/> | 4 <input type="checkbox"/> | | | |
| 21 | Multiply line 19 by Family Size Tax Credit decimal amount _____. ____ (____%) and enter here | • 21 | | | | | 00 | | |
| 22 | Subtract line 21 from line 19..... | 22 | | | | | 00 | | |
| 23 | Enter the Education Tuition Tax Credit from Form 8863-K..... | • 23 | | | | | 00 | | |
| 24 | Subtract line 23 from line 22..... | 24 | | | | | 00 | | |
| 25 | Enter Child and Dependent Care Credit from federal Form 2441, line 9 ► _____ x 20% (.20) | • 25 | | | | | 00 | | |
| 26 | Income Tax Liability. Subtract line 25 from line 24. If line 25 is larger than line 24, enter zero | 26 | | | | | 00 | | |
| 27 | [Enter KENTUCKY USE TAX due on Internet, mail order, or other out-of-state purchases (see instructions)] • 27 | | | | | | 00 | | |
| 28 | Add lines 26 and 27. Enter here and on page 2, line 29 | 28 | | | | | 00 | | |



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REFUND/TAX PAYMENT SUMMARY

| | | | | |
|--|---|---------|---------------|----|
| 29 | Enter amount from page 1, line 28. This is your Total Tax Liability | • 29 | | 00 |
| 30 | (a) Enter Kentucky income tax withheld as shown on attached 2012 Form W-2(s) and other supporting statements | • 30(a) | | 00 |
| | (b) Enter 2012 Kentucky estimated tax payments..... | • 30(b) | | 00 |
| | (c) Enter 2012 refundable certified rehabilitation credit (KRS 141.382(1)(b)) | • 30(c) | | 00 |
| | (d) Enter 2012 film industry tax credit (KRS 141.383) | • 30(d) | | 00 |
| 31 | Add lines 30(a) through 30(d) | • 31 | | 00 |
| 32 | If line 31 is larger than line 29, enter AMOUNT OVERPAID (see instructions) | 32 | | 00 |
| <i>Fund Contributions; See instructions.</i> | | | | |
| 33 | Nature and Wildlife Fund <input type="checkbox"/> \$10 <input type="checkbox"/> \$25 <input type="checkbox"/> \$50 <input type="checkbox"/> Other | • 33 | | 00 |
| 34 | Child Victims' Trust Fund <input type="checkbox"/> \$10 <input type="checkbox"/> \$25 <input type="checkbox"/> \$50 <input type="checkbox"/> Other | • 34 | | 00 |
| 35 | Veterans' Program Trust Fund <input type="checkbox"/> \$10 <input type="checkbox"/> \$25 <input type="checkbox"/> \$50 <input type="checkbox"/> Other | • 35 | | 00 |
| 36 | Breast Cancer Research/Education Trust Fund <input type="checkbox"/> \$10 <input type="checkbox"/> \$25 <input type="checkbox"/> \$50 <input type="checkbox"/> Other | • 36 | | 00 |
| 37 | Add lines 33 through 36 | 37 | | 00 |
| 38 | Amount of line 32 to be CREDITED TO YOUR 2013 ESTIMATED TAX | • 38 | | 00 |
| 39 | Subtract lines 37 and 38 from line 32. Amount to be REFUNDED TO YOU | • 39 | REFUND | 00 |
| 40 | If line 29 is larger than line 31, enter ADDITIONAL TAX DUE | • 40 | | 00 |
| 41 | (a) Estimated tax penalty and/or interest. <input type="checkbox"/> Check if Form 2210-K attached ... | 41(a) | | 00 |
| | (b) Interest | 41(b) | | 00 |
| | (c) Late payment penalty | 41(c) | | 00 |
| | (d) Late filing penalty..... | 41(d) | | 00 |
| 42 | Add lines 41(a) through 41(d). Enter here..... | • 42 | | 00 |
| 43 | Add lines 40 and 42 and enter here. This is the AMOUNT YOU OWE | 43 | OWE | 00 |

- Make check payable to **Kentucky State Treasurer** or visit www.revenue.ky.gov for more options.
- Write your Social Security number and "KY Income Tax—2012" on the check.

OFFICIAL USE ONLY

PWR

SECTION A—BUSINESS INCENTIVE AND OTHER TAX CREDITS

| | A. Spouse | | B. Yourself | |
|--|-----------|----|-------------|----|
| 1 Enter nonrefundable limited liability entity credit (KRS 141.0401(2)) | 1 | 00 | 1 | 00 |
| 2 Enter Kentucky small business investment credit | 2 | 00 | 2 | 00 |
| 3 Enter skills training investment credit (attach copy(ies) of certification) | 3 | 00 | 3 | 00 |
| 4 Enter nonrefundable certified rehabilitation credit (KRS 171.397(1)(a)) | 4 | 00 | 4 | 00 |
| 5 Enter credit for tax paid to another state (attach copy of other state's return(s)) | 5 | 00 | 5 | 00 |
| 6 Enter unemployment credit (attach Schedule UTC) | 6 | 00 | 6 | 00 |
| 7 Enter recycling and/or composting equipment credit (attach Schedule RC) | 7 | 00 | 7 | 00 |
| 8 Enter Kentucky investment fund credit (attach copy(ies) of certification) | 8 | 00 | 8 | 00 |
| 9 Enter coal incentive credit..... | 9 | 00 | 9 | 00 |
| 10 Enter qualified research facility credit (attach Schedule QR)..... | 10 | 00 | 10 | 00 |
| 11 Enter GED incentive credit (attach Form DAEL-31)..... | 11 | 00 | 11 | 00 |
| 12 Enter voluntary environmental remediation credit (attach Schedule VERB)..... | 12 | 00 | 12 | 00 |
| 13 Enter biodiesel and renewable diesel credit..... | 13 | 00 | 13 | 00 |
| 14 Enter environmental stewardship credit..... | 14 | 00 | 14 | 00 |
| 15 Enter clean coal incentive credit..... | 15 | 00 | 15 | 00 |
| 16 Enter ethanol credit (attach Schedule ETH)..... | 16 | 00 | 16 | 00 |
| 17 Enter cellulosic ethanol credit (attach Schedule CELL) | 17 | 00 | 17 | 00 |
| 18 Enter energy efficiency products credit (attach Form 5695-K) | 18 | 00 | 18 | 00 |

Continue to page 3 to complete Section A



| SECTION A—BUSINESS INCENTIVE AND OTHER TAX CREDITS (continued) | | A. Spouse | | B. Yourself | |
|--|----|-----------|----|-------------|----|
| 19 Enter railroad maintenance and improvement credit (attach Schedule RR-1) | 19 | | 00 | 19 | 00 |
| 20 Enter Endow Kentucky credit (attach Schedule ENDOW) | 20 | | 00 | 20 | 00 |
| 21 Enter New Markets Development Program credit | 21 | | 00 | 21 | 00 |
| 22 Add lines 1 through 21, Columns A and B. Enter here and on page 1, line 15 . | 22 | | 00 | 22 | 00 |

SECTION B—PERSONAL TAX CREDITS Check Regular Check both if 65 or over Check both if blind

- 1 (a) Credits for yourself: ☐ ☐ ☐ ☐ ☐
- (b) Credits for spouse: ☐ ☐ ☐ ☐ ☐

1 Enter number of boxes checked on line 1

2 Dependents:

2 Enter number of dependents who:

| First name | Last name | Dependent's Social Security number | Dependent's relationship to you | Check if qualifying child for family size tax credit |
|------------|-----------|------------------------------------|---------------------------------|--|
| | | | | <input type="checkbox"/> |
| | | | | <input type="checkbox"/> |
| | | | | <input type="checkbox"/> |
| | | | | <input type="checkbox"/> |

- lived with you
- did not live with you (see instructions)
- other dependents

3 Add total number of credits claimed on lines 1 and 2.

3 Enter total credits

If married filing separately on a combined return (Filing Status 2), each taxpayer must claim his or her own credits from line 1, divide the credits on line 2, and enter the totals in Boxes 3A and 3B. All other filers enter the amount from line 3 in Box 3B

Spouse Yourself

| | |
|--------|--------|
| •3A | •3B |
| x \$20 | x \$20 |
| 4A | 4B |

4 Multiply credits on line 3A by \$20 and enter on line 4A. Multiply credits on line 3B by \$20 and enter on line 4B. Enter here and on page 1, line 17, Columns A and B

SECTION C—FAMILY SIZE TAX CREDIT (List the name and Social Security number of qualifying children that are not claimed as dependents in Section B.)

| First name | Last name | Social Security number | First name | Last name | Social Security number |
|------------|-----------|------------------------|------------|-----------|------------------------|
| | | | | | |
| | | | | | |

Attach a complete copy of federal Form 1040 if you received farm, business, or rental income or loss. If not required, check here. ☐

I, the undersigned, declare under penalties of perjury that I have examined this return, including all accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct and complete. I also understand and agree that our election to file a combined return under the provisions of Regulation 103 KAR 17:020 will result in refunds being made payable to us jointly and in each of us being jointly and severally liable for all taxes accruing under this return.

Your Signature (If joint or combined return, both must sign.) Spouse's Signature Date Signed

()

Telephone Number (daytime)

Typed or Printed Name of Preparer Other than Taxpayer I.D. Number of Preparer Date

Firm Name EIN Date

Mail to:

REFUNDS

Kentucky Department of Revenue, Frankfort, KY 40618-0006.



PAYMENTS

Kentucky Department of Revenue, Frankfort, KY 40619-0008.

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SCHEDULE M



2012

Form 740
42A740-M

KENTUCKY FEDERAL ADJUSTED GROSS INCOME MODIFICATIONS

Department of Revenue

► Attach to Form 740.

Enter name(s) as shown on tax return.

Your Social Security Number

PART I ADDITIONS TO FEDERAL ADJUSTED GROSS INCOME

- 1 Enter interest income from bonds issued by other states and their political subdivisions.....
- 2 Enter self-employed health insurance deduction from federal Form 1040, line 29.....
- 3 Enter resident adjustment from partnerships, fiduciaries and S corporations, Schedule K-1
- 4 Enter federal depreciation from Form 4562.....
- 5 Enter federal Net Operating Loss
- 6 Enter federal domestic production activities deduction from federal Form 8903, line 25.....
- 7 Other additions (list and enter total):
(a) _____
(b) _____
(c) _____
- 8 Total Additions. Enter here and on Form 740, page 1, line 6

A. Spouse (Use if Filing Status 2 is checked.)

B. Yourself (or Joint)

| | | | | | |
|----|--|----|----|--|----|
| 1 | | 00 | 1 | | 00 |
| 2 | | 00 | 2 | | 00 |
| 3 | | 00 | 3 | | 00 |
| 4 | | 00 | 4 | | 00 |
| 5 | | 00 | 5 | | 00 |
| 6 | | 00 | 6 | | 00 |
| 7 | | 00 | 7 | | 00 |
| 8 | | 00 | 8 | | 00 |
| 9 | | 00 | 9 | | 00 |
| 10 | | 00 | 10 | | 00 |
| 11 | | 00 | 11 | | 00 |
| 12 | | 00 | 12 | | 00 |
| 13 | | 00 | 13 | | 00 |
| 14 | | 00 | 14 | | 00 |
| 15 | | 00 | 15 | | 00 |
| 16 | | 00 | 16 | | 00 |
| 17 | | 00 | 17 | | 00 |
| 18 | | 00 | 18 | | 00 |
| 19 | | 00 | 19 | | 00 |
| 20 | | 00 | 20 | | 00 |

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PART II SUBTRACTIONS FROM FEDERAL ADJUSTED GROSS INCOME

- 9 Enter state income tax refund or credit reported as income on federal Form 1040
- 10 Enter interest income from U.S. government bonds and securities.....
- 11 Enter excludable amount of retirement income (attach Schedule P if more than \$41,110)
- 12 Enter taxable amount of Social Security and Railroad Retirement Board benefits from federal Form 1040, line 20(b) (1040A, line 14(b))
- 13 Enter long-term care insurance premiums.....
- 14 Enter health insurance premiums not previously deducted from income. Do not include premiums paid with pretax dollars (cafeteria plan).....
- 15 Enter resident adjustment from partnerships, fiduciaries and S corporations, Schedule K-1
- 16 Enter Kentucky depreciation from revised Form 4562
- 17 Enter Kentucky Net Operating Loss
- 18 Enter Kentucky domestic production activities deduction (see instructions).....
- 19 Other subtractions (list and enter total):
(a) _____
(b) _____
(c) _____
- 20 Total Subtractions. Enter here and on Form 740, page 1, line 8

Credit for Taxes Paid to Other State Worksheet

Kentucky residents/part-year residents only. Complete a separate worksheet for each state. See instructions for Form 740, Section A, Line 5.

► **TIP** – Credit for taxes paid to another state may be reduced or eliminated if gambling losses are claimed on Schedule A.

Taxpayer SSN

Taxpayer First Name

Name of other state

Type of Income Reported to Other State.....

1. List Kentucky taxable income from Form 740, Line 11
2. List any gambling losses from Schedule A, Line 29
3. Add Lines 1 and 2 and enter total here
4. List income reported to other state included on Kentucky return
5. Subtract Line 4 from Line 3 and enter total here
6. Adjusted gambling losses. Compute gambling losses allowed on Kentucky return if income from other state is ignored
7. Subtract Line 6 from Line 5 and enter total here
8. Enter Kentucky tax on income amount on Line 7
9. Enter Kentucky tax on income amount on Line 1
10. Subtract Line 8 from Line 9. This is the tax savings on return if other state's income is ignored
11. Enter tax paid to other state on income claimed on Kentucky return
12. Enter the lesser of Line 10 or Line 11. This is your credit for tax paid to other state. Carry this total to Form 740, Section A, Line 5

| | | | | | | | |
|---|--|-------------------------------------|--|--|--|--------------------------------|--|
| 22222 | | a Employee's social security number | | OMB No. 1545-0008 | | | |
| b Employer identification number (EIN) | | | | 1 Wages, tips, other compensation | | 2 Federal income tax withheld | |
| c Employer's name, address, and ZIP code | | | | 3 Social security wages | | 4 Social security tax withheld | |
| | | | | 5 Medicare wages and tips | | 6 Medicare tax withheld | |
| | | | | 7 Social security tips | | 8 Allocated tips | |
| d Control number | | | | 9 | | 10 Dependent care benefits | |
| e Employee's first name and initial Last name Suff. | | | | 11 Nonqualified plans | | 12a | |
| | | | | 13 Statutory employee Retirement plan Third-party sick pay <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> | | 12b | |
| | | | | 14 Other | | 12c | |
| | | | | | | 12d | |
| f Employee's address and ZIP code | | | | | | | |
| 15 state Employer's state ID number | | 16 State wages, tips, etc. | | 17 State income tax | | 18 Local wages, tips, etc. | |
| | | | | | | 19 Local income tax | |
| | | | | | | 20 Locality name | |
| | | | | | | | |

For the year Jan. 1–Dec. 31, 2011, or other tax year beginning

, 2011, ending

, 20

See separate instructions.

Your first name and initial

Last name

Your social security number

If a joint return, spouse's first name and initial

Last name

Spouse's social security number

Home address (number and street). If you have a P.O. box, see instructions.

Apt. no.

▲ Make sure the SSN(s) above and on line 6c are correct.

City, town or post office, state, and ZIP code. If you have a foreign address, also complete spaces below (see instructions).

Presidential Election CampaignCheck here if you, or your spouse if filing jointly, want \$3 to go to this fund. Checking a box below will not change your tax or refund. ☐ You ☐ Spouse

Foreign country name

Foreign province/county

Foreign postal code

Filing Status1 ☐ Single2 ☐ Married filing jointly (even if only one had income)3 ☐ Married filing separately. Enter spouse's SSN above and full name here. ▶4 ☐ Head of household (with qualifying person). (See instructions.) If the qualifying person is a child but not your dependent, enter this child's name here. ▶5 ☐ Qualifying widow(er) with dependent child

Check only one box.

Exemptions6a ☐ Yourself. If someone can claim you as a dependent, do not check box 6ab ☐ Spouse

c Dependents:

| (1) First name | Last name | (2) Dependent's social security number | (3) Dependent's relationship to you | (4) <input checked="" type="checkbox"/> if child under age 17 qualifying for child tax credit (see instructions) |
|----------------|-----------|--|-------------------------------------|--|
| | | | | <input type="checkbox"/> |
| | | | | <input type="checkbox"/> |
| | | | | <input type="checkbox"/> |
| | | | | <input type="checkbox"/> |

If more than four dependents, see instructions and check here ▶ ☐

d Total number of exemptions claimed

Boxes checked on 6a and 6b

No. of children on 6c who:

• lived with you
• did not live with you due to divorce or separation (see instructions)

Dependents on 6c not entered above

Add numbers on lines above ▶

Income

7 Wages, salaries, tips, etc. Attach Form(s) W-2

8a Taxable interest. Attach Schedule B if required

b Tax-exempt interest. Do not include on line 8a

8b

9a Ordinary dividends. Attach Schedule B if required

b Qualified dividends

9b

10 Taxable refunds, credits, or offsets of state and local income taxes

11 Alimony received

12 Business income or (loss). Attach Schedule C or C-EZ

13 Capital gain or (loss). Attach Schedule D if required. If not required, check here ▶ ☐

14 Other gains or (losses). Attach Form 4797

15a IRA distributions

15a

b Taxable amount

16a Pensions and annuities

16a

b Taxable amount

17 Rental real estate, royalties, partnerships, S corporations, trusts, etc. Attach Schedule E

18 Farm income or (loss). Attach Schedule F

19 Unemployment compensation

20a Social security benefits

20a

b Taxable amount

21 Other income. List type and amount

22 Combine the amounts in the far right column for lines 7 through 21. This is your total income ▶

Attach Form(s) W-2 here. Also attach Forms W-2G and 1099-R if tax was withheld.

If you did not get a W-2, see instructions.

Enclose, but do not attach, any payment. Also, please use Form 1040-V.

Adjusted Gross Income

23 Educator expenses

24 Certain business expenses of reservists, performing artists, and fee-basis government officials. Attach Form 2106 or 2106-EZ

25 Health savings account deduction. Attach Form 8889

26 Moving expenses. Attach Form 3903

27 Deductible part of self-employment tax. Attach Schedule SE

28 Self-employed SEP, SIMPLE, and qualified plans

29 Self-employed health insurance deduction

30 Penalty on early withdrawal of savings

31a Alimony paid b Recipient's SSN ▶

32 IRA deduction

33 Student loan interest deduction

34 Tuition and fees. Attach Form 8917

35 Domestic production activities deduction. Attach Form 8903

36 Add lines 23 through 35

37 Subtract line 36 from line 22. This is your adjusted gross income ▶